

Boothe, Viva Belle

Convocation Address

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President McPherson, Members of the Faculty, and Members of the Graduating Class: A commencement is always a happy occasion. It is that relatively peaceful in-between stage when one forgets, for the moment, the problems that have so recently been solved, and is not yet launched into the problems that are just around the corner. It is a time when the faculty can see some visible sign of their labors and can feel a certain pride and joy of workmanship. It is a time when parents can realize the fruition of their hopes and fears, labors and sacrifices, so willingly and hopefully made that you might be launched into the life of responsibility awaiting you with adequate preparation. It is a time when you are open to congratulations from your teachers, your classmates, your parents and friends for having successfully completed the work which you had undertaken.

One-hundred-eighty-five of you have completed the work for the bachelors degree. That is, you have successfully cleared the first hurdle of formal education at the University level. Forty-three of you have cleared the second hurdle and are being awarded the Master's degree. Seventeen of you are over the last hurdle. To all of you it is commencement, for, quite literally, education does not begin nor end with its formal phase which is experienced in the school or the University.

Some of you who are receiving today the bachelors and the masters degree will continue your formal education immediately or later in the graduate school of this or some other University. For some of you, your formal education is at an end, and you will begin immediately to gain further wisdom from that so-called school of experience. To each of you, whatever your next move may be, I am sure the faculty and the administration of this University join me in wishing you the greatest measure of success.

And as you take your leave, I want to make you jointly responsible with the faculty of this University for the future of this University, for Universities become great not through their lands and buildings, but through the achievements of their faculties and their students.

Now that I have congratulated you upon your education achievement to date, probably we should pause a moment to inquire what you have. I heard a Montana rancher say some years ago, that the reason he wasn't sending his children to the University was "cause there ain't no use in them knowing so many things that ain't so." Now in a crude sort of way, the old rancher sensed, if he did not understand, some of the fundamental problems in education.

The two questions, "What are you going to teach?" and "How are you going to teach it?" probably have been the storm centers of education in every age, from primitive to ultra-modern civilization. In modern parlance, these are the problems of (1) curriculum building, and (2) the method and philosophy of education. In other words, what shall be the content of the courses offered to each new generation, and what is the objective and purpose in teaching that content? Shall the content - the facts and the theories - be an end in itself, or shall the teaching of content be incidental and only a means to an end, the end being primarily the development of the intellectual processes of the individual, through the use of whatever content is at hand, in whatever field he may be working?

If the first concept is accepted, namely, that the teaching of content is an end in itself, the school is likely to become primarily the propaganda agency for preserving the status quo, and as such a hindrance to progress, for this assumes a static, not a dynamic society, and

education based on this concept can become a fundamental cause for the appearance of cultural lags that have been responsible for cataclysmic social disorders throughout history.

This concept of education assumes that the chief, or one of the chief, purposes of education is to prepare the younger generation for living comfortably in a set of social institutions that are already organized and going concerns, built around accepted sets of ideas and beliefs which are made effective through some formalized, organized social machinery. Thus, the content of the curriculum consists largely of the existing body of knowledge, and the current theories and beliefs of the time, and education becomes the training of the young to conform to the patterns. If this concept of the purpose of education is accepted, I am inclined to believe that the old rancher has a point, for all history shows us that much that has been accepted as fact and truth in one era has been later greatly modified or proven false by the discovery of new or additional facts.

If the second concept is accepted, namely, that the primary aim of education is the development of the intellectual abilities of the individual, then the educational problem becomes primarily concerned with the ability on the part of the teacher to impart facts and theories of the present in such a way that the mind of the learner is not forever closed to the acceptance of new facts, and left unable to free itself from preconceived notions when they have been proven false. This concept recognizes that through the development of the intelligence and the ingenuity of individuals, nature can be forced to yield her secrets and the lot of man on earth benefited thereby. It recognizes the dynamic force in man himself that cannot be removed although it may be submerged.

It seeks not to benefit man by eliminating change or by keeping it to a minimum, but rather by the intelligent use and direction of change. It prepares the young for a comfortable and successful life in the current institutional patterns by giving them self-reliance and adaptability to the forces of change.

This concept commits the educational personnel to a far more difficult task than the mere imparting of knowledge by rote. It requires, on the other hand, the imparting of knowledge by the more devious route of arousing, first, an interest in knowing, and, second, the development and imparting of techniques of finding out, followed by continual guidance through the experience of finding out. It assumes that throughout the process, the educator through his guidance function will see to it that the learner is acquainted with all the facts as we know them to date.

It is needless to say that our educational system today is built on neither of these two concepts exclusively, but rather that it has elements of both. In some states, and even in some subjects in a university, indoctrination tends to be demanded of the schools by the public. In the teaching of the physical sciences greater freedom has been allowed and hence greater progress has been made toward the realization of the second concept than has been the case in the social sciences.

Now, from what I have just been saying it is quite likely that you are leaving this university knowing many things that "ain't so." For, to bring our history down to date, much that is currently believed and currently accepted as truth, both in the physical and in the social sciences, is likely to be disproven or modified by additional findings or new facts at some later date.

The voyages of Christopher Columbus and Magellan eventually substituted a round world for a flat world in all the Geography books, but the substitution was not made without delay nor without a considerable battle, for the acceptance of that new fact modified not only the idea itself, but beliefs about many other things that had become associated with the idea of a flat world. Thus, countless individuals lived and died uninformed of the truth, and the idea of a flat world persisted and continued to be taught long after the facts demonstrated the truth to be otherwise.

In the physical sciences, in our own day, new discoveries may shatter over night theories that have been respectable for a century or so. By definition, in all standard dictionaries, "An atom is one of the minute indivisible particles of which the universe is composed." In the latest editions, the statement is modified to say, "of which, according to Atomism, the universe is composed." And we are at the present time building on our own campus a Cyclatrone, which is described as an atom smasher.

In my own experience as an undergraduate, and later as a graduate student, the economic system was described to me and I was taught a theory about its functioning which I later came to feel, on the basis of additional facts, was but a rationalization and a justification of an accepted social pattern, and that I had learned neither a true picture of the system nor an acceptable explanation of its behavior. In retrospect I have never felt critical of my elders because their information was imperfect and inadequate, because economic data were scarce and techniques for assembling and working with it had not yet been developed, but I have felt critical because it was given to me with such an air of finality, and that my time was directed so largely toward knowing the

theories that men had variously held from time to time about the nature and functions of the economic order and on very scant factual basis.

I was taught, for instance, that low interest rates, other things being equal, would more or less automatically cause business expansion, because businessmen, finding money available at little expense, would borrow it and use it to expand their businesses. This always assumed a market for the product that would be produced with the money, and furthermore, it was assumed that the wise businessman would not borrow the money unless he knew there would be a market, therefore, the fact that he borrowed was proof of the market. In case you were sceptical of the businessman's great wisdom and knowledge of the market, there was a comfortable generalization close at hand which you could call to your aid, to the effect that as long as human needs and desires were indefinitely expansible, there would always be a buyer.

We are just about at the end of a decade - a ten-year period - during which interest rates have been the lowest we have ever known, when bank reserves - money to lend - have been the highest we have ever known, and when borrowing for capital expansion has been practically nil.

Businessmen have not borrowed money for expanding their businesses even when money was at unprecedentedly low rates, primarily because they have found such difficulty in selling the output from their present establishments. In fact, many of them have been operating only part of their present plant capacity. In fact, many of these industries which have been running at less than full capacity have large unused surpluses of their own which they cannot now employ for plant expansion or for plant operation. These unused corporate and individual surpluses are stored in banks to individual or corporate accounts with the hope that some other business enterprise may be able to use them and pay interest

for their use, thus swelling the volume of savings to be used in business expansion. These surpluses are not being borrowed even though the interest rate is very low, and they are not borrowed because businessmen do not now have buyers for what they already are able to produce.

No one has been borrowing money during this decade of low interest rates but the Government, which, during the past nine years, has borrowed and distributed between \$25 and \$30 billions of idle and unused surpluses arising, in large part, from past industrial savings. Practically all this vast increase in borrowing by the government may be attributed either to (1) efforts to relieve distress and suffering arising from the unemployment and low income because of the business breakdown, or (2) in a deliberate attempt to promote business revival by providing a buyer through giving jobs to unemployed and relief to unemployables. Curiously enough, at one time, not so many months ago, it was widely argued and quite generally believed that Government borrowing had been in competition with business borrowing, and that the borrowing of the Government had made it difficult for industry to get the needed capital funds to bring about recovery. This belief was held and widely broadcast by both leading businessmen and politicians, in spite of the fact that interest rates continued low, capital was abundant, and there was no demand for commercial loans at any price.

I was taught, and it is still quite generally believed, that capital expansion would vary more or less directly with the volume of savings. That capital expansion was necessary to the expansion of the national income, and hence to a rise in the standard of living for the masses - hence to a realization of economic democracy. The logical corollary to this idea was that the rapid concentration of income in the hands of fewer and fewer people made possible a larger volume of

savings very quickly, and hence was a prerequisite to national and individual prosperity.

The facts in the case, now that we are beginning to get them, seem to indicate that capital expansion parallels consumer buying rather than savings, and that consumer buying falls off as savings rise, so that contrary to the theory which seemed logical enough, too large a volume of savings may stop capital expansion completely. It now begins to seem very likely that the large accumulation of unspent savings during the period from 1914 to 1929, which found their way so largely into the stock market to inflate values of stocks or to Europe to finance capital expansion there, since they could not be used profitably for further capital expansion at home, may have been the major factor in the economic collapse from 1929 to 1934.

To go one step further, as a logical companion of the capital-expansion-savings theory for prosperity, I was led to believe that purchasing power was purchasing power, regardless of who had the title to it; that it made no difference how the value of the product was distributed back as cost payments to the various factors that had cooperated to create it - namely, land, labor, capital and management - because, the argument ran, it got eventually into the hands of someone who would either spend it or save it. Indeed, it would be highly beneficial to the system if the payments to the factors of production other than management and ownership were kept to a minimum, since in this way there would be a quick accumulation of a surplus which would be used for capital expansion, which would make possible more product, which would make possible a larger national income, which would make possible a higher standard of living. Thus, I was encouraged to believe that the amount of well-being of the country depended solely on increased production -

expanding the volume of goods and services to be used; and that low costs and stable or rising prices were the keys to business success and national prosperity.

I had later to learn that national prosperity could not be achieved through increased production alone, important as that might be, and that the distribution of the value of the product back to the factors of production at the source of its creation - in the individual establishment - was equally important. Because mass production cannot be sustained nor expanded without mass consumption, business must have a buyer. Buyers must have money income in our economic system before they become effective market factors. It begins to appear that the basic defect in our economic system is to be found primarily in the unequal distribution of income and a resulting excess of savings as compared with consumption expenditures. Rapid developments in technological processes, expansion in plant and equipment, have given us the physical basis for rapid industrial expansion, but even at the height of prosperity in 1929, the productive equipment of the nation was operating at only about 80 per cent of capacity - largely because our domestic market during the greater part of the rapid expansion in production from 1923 to 1929, was at a standstill or even declining. Throughout most of that period, industrial wage earners and their families, and farmers and their families, constituted about 70 per cent of our domestic market as far as the number of people is concerned. And throughout this period the amount of income received by these two groups of workers remained practically constant, each group receiving about 11.5 billion dollars annually; the two groups together, receiving about between 23 and 25 billion dollars. The farmers were in debt, so part of the money they received went to pay interest charges and not to buy

commodities; the wage earners spent practically all they earned, but the two groups together did not have nearly enough money in 1929 to take their proportionate share of the products of manufacture alone that were offered for sale in the markets that year. For the value of manufactured products was estimated at 60 billions of dollars, and of this 70 per cent of the domestic market, the manufacturing wage earners and the farmers, had, at most, only about 25 billion dollars. The result was a drastic decline in prices, competitive reduction in employment and wages throughout industry, drastic reductions in production, and eventually the near collapse of the entire economic structure.

As we look back on 1929, and specifically at the facts of distribution of the national income, which facts have been available to us only since 1934, we can see that some of the beliefs we held were not in line with the facts, and that no amount of adherence to nor advocacy of the erroneous beliefs could safeguard our economic order from near collapse. One of the most fatal of those beliefs was that the wage earners' labor and the farmers' product were costs of production that should be kept as low as possible in order to assure profitable operation of industry and national prosperity. This low-cost-high-profit-large-savings recipe for prosperity resulted in such a concentration of the national income that in our most prosperous year to date - 1929 - 60 per cent, or 16.3 million, of the 27,000,000 families in the United States were living at the poverty level, with an average annual income per family of 1,100; 42 per cent, of 11.6 million families were potential paupers, having an annual income of only slightly more than \$900; 21 per cent, or 5.8 million families were intermittent paupers, having an annual income per family of slightly less than \$600. In addition,

there were even in this prosperous year, some 3,000,000 persons who were unemployed. As a measure of the extreme concentration which had occurred, the 1 per cent, or 327,000 families at the top of the income scale had approximately the same proportion of the national income as the 60 per cent, or 16.3 million families at the bottom - those under \$2,000 per year. Each of these groups had around 24 per cent of the total.

If the incomes of the 19 million families receiving less than \$2,500 in 1929 had been raised to \$2,500, which was not impossible in that year, the United States would have had to increase its total production by 16 billion dollars to meet the new demand of these families. This increased demand would have gone far toward the postponement if not the elimination of the catastrophe of 1929. The purchasing power was present in the economic system, but it was not in the hands of people who could and would use it.

All of the evidence seems to point to the fact that we do not yet know all the facts about nor understand the nature of our economic organization of society. Certainly many of the conclusions about it which we have accepted in the past will have to be modified, and there is abundant evidence that many modifications are already on the way.

These modifications cannot be made intelligently without long and patient work on the part of scholars and research workers in educational institutions and foundations, and within business and industry itself.

Time prevents my speaking of the changes that are going on in the other social institutions as well. In all of them, however, there is much work to be done, and there is a whole new frontier to be conquered.

We have made great progress through research in the physical science toward conquering the physical universe. As a nation we have

conquered the frontier of physical production, so that it is possible for us to move from an economy of scarcity into an economy of abundance.

The new frontier is a social frontier and unless great strides are made in conquering it, we may be shipwrecked in spite of our brilliant technology and our splendid work in the physical sciences. Although this frontier needs its specialists also, it is peculiar in that it touches every one of you, and by your informed or uninformed attitudes and actions you help to make it what it shall become.

Your education cannot stop with the close of today's commencement, and we hope that although you may forget many of the facts you have learned in passing through these buildings during your years of study here that you will carry with you throughout life the inquiring mind, and that you will continue to perfect the techniques of inquiry, so essential to keeping open the doors of knowledge.

The golden age lies ahead - not behind. We dare not return to the status quo of 1929.